

<% @LANGUAGE="VBSCRIPT" CODEPAGE="1252"%>

Analysis

Topic:	Reciprocal Agreements Between Colleges
Sponsor:	Representative Caswell
Co-Sponsor:	None
Committees:	House Higher Education and Career Preparation Senate Education
Date Introduced:	January 27, 2005
Date of Analysis:	May 17, 2005
Position:	The Department of Labor & Economic Growth supports the bill

Background: Current law permits certain public institutions of higher education to enter into reciprocal agreements with institutions in the states of Wisconsin, Illinois, Indiana, and Ohio and the province of Ontario. A few of these agreements are reportedly very open-ended with no fixed expiration date. The sponsor of the bill believes that this feature of the agreements has reduced the oversight of the Appropriations Committees from what the Legislature intended.

There are currently four active agreements under the act. These agreements involve Eastern Michigan University, Monroe County Community College, and Gogebic Community College. Three community colleges have allowed their agreements to expire, including Northwestern Michigan (with Cuyahoga Community College in Ohio), St. Clair County (with Lambton in Ontario), and Jackson (with Northwest State in Ohio).

Description of Bill: The bill amends Public Act 251 of 1972 provide statutory requirements relating to the content of reciprocal agreements for the reduction or waiver of nonresident tuition and fees for residents of adjacent states and the Province of Ontario to certain Michigan institutions of higher education. An agreement may not contain a provision establishing an indefinite term for the agreement or establishing a fixed term of more than 3 years. A renewal provision may not provide for automatic renewal, renewal for an indefinite period, or renewal for more than 3 years. The tuition rate for a student attending a Michigan public

institution of higher education under a reciprocal agreement is the rate for in-state, out-of-district students. A renewal or extension of a reciprocal agreement is not valid until approved by the Appropriations Committees of the Legislature.

The Department of Labor & Economic Growth requested an amendment to the bill in the House to change the designation of the entity responsible for administration of the act to reflect staff transferred to the department by executive order. The act currently names the State Board of Education as the responsible entity, but the staff handling the function were transferred to the Department of Career Development in 1999.

The Senate inserted an amendment inserting "community college" in the last sentence in Section 3 (2). Community colleges are the only institution of higher education with an in-state, out-of-district tuition rate.

Summary of Arguments

PRO: The act is not working as the Legislature intended. Some institutions were reportedly avoiding legislative oversight by adopting agreements for an indefinite term. It was also theoretically possible through such an agreement for out-of-state students to pay tuition rates lower than some Michigan residents at Michigan community colleges.

Con: The limitation on the term of such agreements to 3 years is too short. This is an issue best left to the colleges. The annual administrative overview provided by the act should be sufficient to protect the colleges from fiscal harm.

Fiscal/Economic Impact

(a) Department

Budgetary: Although the bill transfers the reciprocal agreement function to the department, department staff has been performing this function since 1999. There should therefore be no additional fiscal impact.

Revenue: The bill will not affect department revenues.

Comments

(b) State

Budgetary: There will be no budgetary impact on the state.

Revenue: The bill will not affect state revenues.

Comments

(c) Local Government

Comments

Other State Departments: The Department of Education supports the proposed change in the designation of the State Board of Education to the Department of Labor & Economic Growth as the administering agency.

Any Other Pertinent Information

Administrative Rules Impact: There is no administrative rules authority related to this bill.